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C O N F I D E N T I A L SECTION 01 OF 02 MAPUTO 001207

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TAGS: [SENV](#) [EAGR](#) [KCOR](#) [PGOV](#) [MZ](#) [CH](#)
SUBJECT: China in Mozambique: Illegally Logged Timber.

REFTEL:SECSTATE 93848

Classified By: Chargi dQAffairs Todd Chapman for Reasons
1.4 (b) and (d)

1. Q(C) SUMMARY: Below is a response to the request for a report on the environmental impact of Chinese trade or investment in the forest and forest products sector, keyed to the topic areas in refTel. Chinese purchase of illegally harvested Mozambican timber has a significant negative impact on the environment. Mozambique has adequate laws to address illegal logging but the income generated by the illegal logging has created a system which will not be easily dismantled. END SUMMARY

Sufficient Laws

2.Q(C) MozambiqueQs Forest and Fauna law is comprehensive, modern and contains sufficient, appropriate penalties to allow the GRM to protect the countryQs forests. The law creates two classes of legal logging Q concessions and licenses. QConcessionsQ require stewardship of the land including an initial inventory, reforestation and on-site sawmills to employ locals. Twenty percent of the annual concession fee is distributed to the local community which decides on its use. Concessions are large and generally easy for the GRM to monitor. QLicensesQ require only that the license holder harvest within the area covered by the license, no other burden is placed on the license holder, nor is any license money returned to the community. Licenses are widely abused. Originally intended to be an inexpensive way for individuals to continue their traditional employment in wood cutting, licenses are now exploited, used to cut illegal quantities and/or harvest rare hardwoods for illegal export. There are large numbers of licenses granted - each to an individual, covering a small amount of land and, therefore, difficult to enforce. Under the law, timber is classified; export restrictions vary by classification with the most stringent placed on QpreciousQ hardwoods - the ones most coveted by the Chinese. The law allows the GRM to assess significant financial penalties on illegally harvested/identified timber; the fines are shared with the local officials who discovered and reported the illegality, in part to encourage reporting and to decrease the taking of bribes.

Personnel and Equipment Available for Increased Enforcement?

3.Q(C) There are 50-80 enforcement officers of the GRM assigned to duty in Beira, home of the primary timber shipment port. GRM officials state that this is not enough

manpower to enforce the Forestry law; additional vehicles and equipment are also needed. The long time owner of a local concession disputes this claim, alleging that the numbers of people and equipment is sufficient, but the will to enforce is missing. The owner told Poloff that his employees, traveling a few kilometers into the concession, in a period of six hours encountered seven significant illegal logging actions. The owner believes much of the illegal activity could be reduced by more aggressive enforcement by the GRM using the personnel and materials already in place; instead of Qstanding by the road waiting for the trucks to come by.Q

No Environmental Requirement Imposed By Lenders

4.Q(C) Chinese purchase of Mozambican timber is reportedly funded by Chinese banks which, purportedly, do not include environmental requirements in the terms of the loan.

Insatiable Appetite for Rare Mozambican Timber

5.Q(C) The Chinese are exporting all of the rare Mozambican timber they can obtain. The focus seems to be on old-growth hardwoods, although there is a lesser interest in common woods as well.

Techniques Negatively Impact Environment

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6Q(C) The Chinese give cash to license holders with which to purchase chain saws and other logging equipment in return for the promise to sell timber at a below-market price. Buying from licensees gives the Chinese deniability if accused of purchasing illegally harvested timber; they can truthfully say that it was purchased from legally licensed individuals. The Chinese only purchase logs sized to fit shipping containers. Those logging illegally will cut down an entire tree, remove the correct length and leave the remainder of the tree to rot, wasting the resource.

7.Q(C) Mozambican law requires logs to be identified as to type with indelible markings. Bills of lading reflect the labeling. Recently, eye witnesses report mislabeling of logs, unlabeled logs and bills of lading being revised (type of wood changed) once the containers are loaded onto ships. When questioned, the Maersk manager at the Port of Beira refused to speculate as to the types of woods in containers destined for China which had revised bills of lading, stating the contents of the containers is not the business of Maersk, but of the shipper.

8.Q(C) Illegal harvesting keeps legal demand down, reducing the number of companies willing to pay for a concession; concession holders are required to husband the forest sustainably and reforest. Illegal harvesters do not reforest. Concession holders are required to have an on-site sawmill to provide jobs for residents. Illegally harvested logs are shipped intact and processed in China, denying employment to Mozambicans.

Comment: Illegality, Corruption Worrisome

9.Q (C) There is more money to be made in illegal logging than in legal logging. Illegal logging generates illegal income in the form of bribes of officials and license

holders. Ironically, illegal logging also generates legal income, albeit in the form of rewards paid to officials who uncover and report illegalities. In either case, the income generated by illegal logging is greater than the income which can be generated by legal logging. Unless illegal logging becomes less lucrative - or legal logging generates substantially more income - it is likely that illegal logging will remain the norm. Reforming this incentive structure will be all the more challenging given the extent of bribes allegedly being given to GRM officials.

CHAPMAN